



**ColumbiaManagement**<sup>®</sup>

## Columbia Seligman Large – Cap Value

A Presentation For:

Bay County Employees Retirement System

April 24, 2014

Columbia Management Investment Advisers, LLC is a U.S. Securities and Exchange Commission registered investment adviser that offers investment products and services under the names Columbia Management Investments, Columbia Management Capital Advisers and Seligman Investments. 881915 (03/2014)

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**Section 1:** Investment Philosophy

Investment Process

**Section 2:** Performance and Portfolio Structure

**Section 3:** Portfolio Holdings and Market Valuation

**Appendix:** Disclosures



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## Philosophy and Process

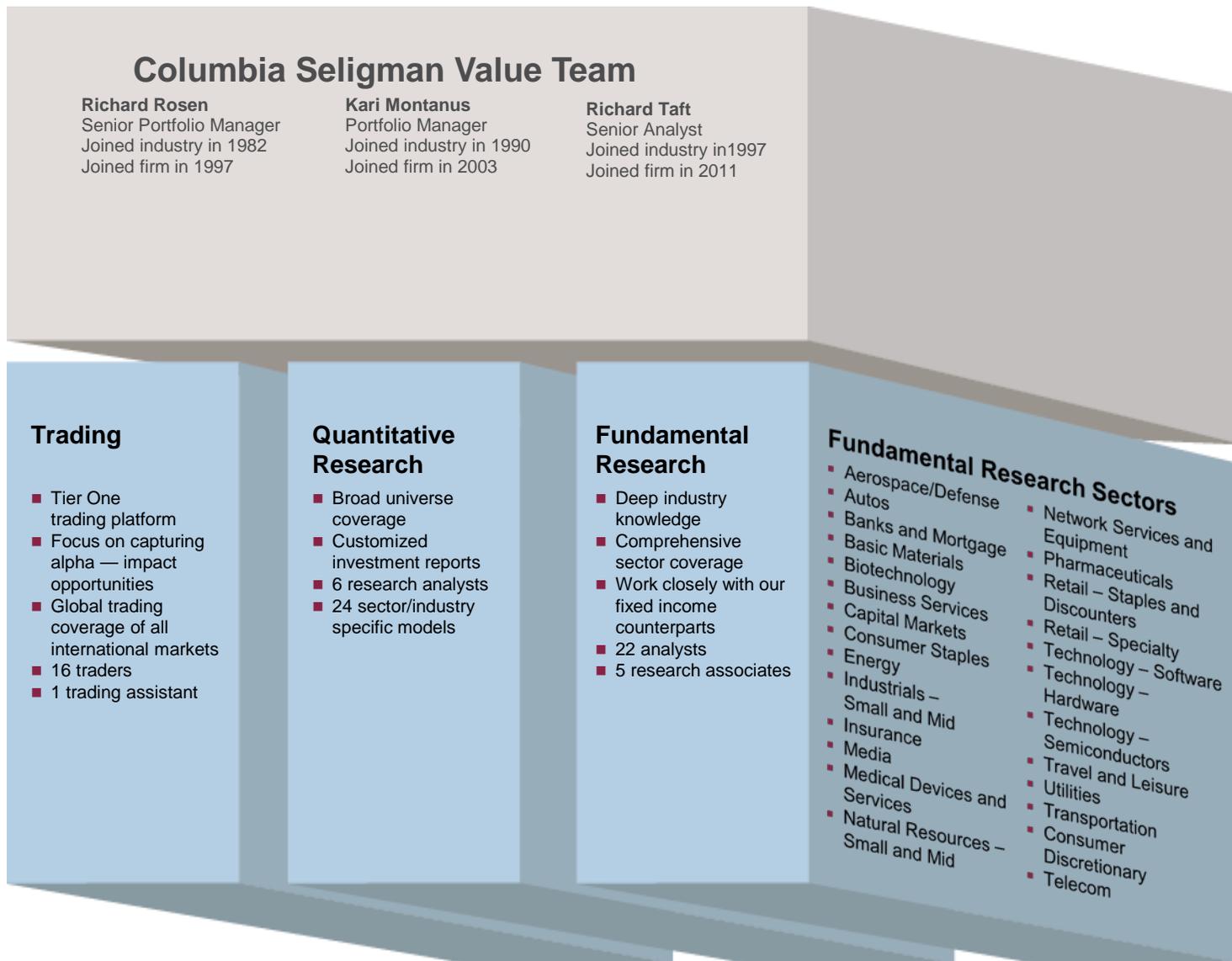
- > Dedicated team focused solely on value equity investing
- > Experienced professionals with wide breadth of industry knowledge
- > Complementary skills with clear accountability

| Professional  | Title/ Responsibilities  | Year Joined Industry | Year Joined Firm |
|---------------|--------------------------|----------------------|------------------|
| Richard Rosen | Senior Portfolio Manager | 1982                 | 1997             |
| Kari Montanus | Portfolio Manager        | 1990                 | 2003             |
| Rick Taft     | Senior Analyst           | 1997                 | 2011             |

As of March 31, 2014

Columbia Management firm-wide resources

Independent perspectives available to all portfolio management teams



As of March 31, 2014

# Investment Approach

## Seeks to:

- > Outperform benchmark and peer strategies
- > Rank in top quartile over full market cycle

## Investment Philosophy

We believe that:

- > The direction of earnings growth is more important than absolute levels
- > Companies that show accelerating earnings growth tend to outperform
- > Research can identify potential catalysts that will drive earnings acceleration
- > A concentrated portfolio with our best ideas and low turnover is the best way to maximize alpha



For illustrative purposes only. Not meant to represent any actual investment.

Source: Columbia Management Investment Advisers, LLC. There is no guarantee that the investment objectives will be achieved or that return expectations will be met.

# Distinguishing Features

## Seasoned, stable investment team

- > Average more than 23 years of investing experience
- > Complementary industry knowledge
- > Ability to leverage extensive centralized resources

**Sound Investment  
Decision Making**

## Distinct View of Value

- > Seek stocks with attractive 'value' characteristics, combined with a potential for an acceleration in earnings growth
- > Identifying a catalyst as the cornerstone of the investment process
- > Long holding period fully captures the inflection point and full period of a stock's outperformance

**Portfolio  
Concentrated in  
Manager's Best Ideas**

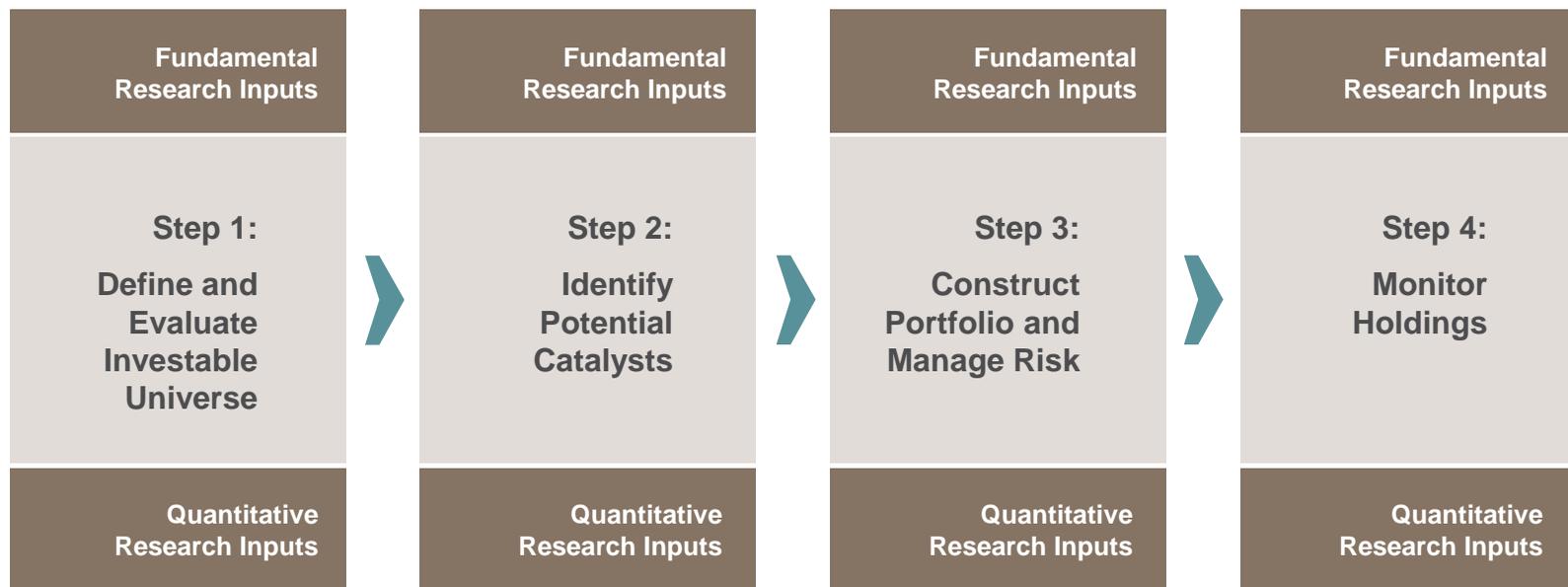
## Benefits of a concentrated portfolio

- > Efficient way to capture alpha and mitigate risk exposures
- > Allows manager to know companies extremely well

**Risk Management**

**There is no guarantee that the investment objectives will be achieved or that return expectations will be met.**

# Investment Process Overview



# Step 1: Define and Evaluate Investable Universe

**Objective:** Prioritize candidates for further research

**Look for stocks that have:**

- > Market capitalizations in the range of companies in the Russell 1000® Value Index at the time of purchase
- > Valuation metrics generally below market P/E, industry P/E multiple or company's historical P/E multiple
- > Stocks that have come down hard for reasons we believe are temporary and/or are off their 52 week high



100–200  
Stocks Under  
Consideration

**Potential benefit:** Select from a broad-based group of stocks within the “value” style that deserve further research

## Step 2: Identify Potential Catalysts That Could Accelerate Earnings Growth

**Objective:** Focus research efforts on stocks with the potential to show earnings acceleration

Potential catalysts could contribute to accelerating earnings growth:

- > Corporate restructuring
- > Management reorganization
- > New product cycle

Changing industry fundamentals can also drive earnings acceleration

- > Improving competitive dynamics (i.e., consolidation)
- > Attractive supply/demand trends
- > A cyclical recovery
- > New secular growth driver (i.e., new technology)



50–75  
Stocks Under  
Consideration

**Potential benefit:** Ability to overweight attractive or underweight unattractive industries in the portfolio leverages bottom-up research approach.

**There is no guarantee that the investment objectives will be achieved or that return expectations will be met.**

## Step 3: Construct Portfolio and Manage Risk

**Objective:** Invest in 30–35 stocks with the best chance of exhibiting earnings acceleration

**Risk control:**

- > Position size limited to 5% at time of purchase; Positions trimmed back when they reach 7%
- > Sector exposure limited to 35% of portfolio
- > Top 10 holdings typically account for less than 40% of the portfolio
- > Contribution at Risk (CAR) analysis ensures positions are in line with manager conviction
- > Semi Annual 5P review to ensure no unintentional style bias

**Less is more — concentrated portfolio not necessarily more risky:**

- > Allows managers to know companies well
- > Diversification benefits can be captured within a 30–35 stock portfolio

**Potential benefit:** Concentrated portfolio with low turnover keeps risk exposures balanced and maximizes alpha

## Step 4: Monitor Holdings

**Objective:** Give stocks the time it takes for the catalyst to unfold and the market to reward accelerating earnings growth.

**Outperformance takes patience:**

- > Anticipate change early and allow sufficient time for company to become a better company
- > Continuously monitor positions for leading indicators and signs of pending earnings growth improvement
- > Upward earnings estimate revisions and P/E multiple expansion due to changing investor perceptions often accompany earnings acceleration and can generate significant multi-year outperformance

**Constantly challenging existing positions. Sell a stock if:**

- > Catalyst does not materialize or fundamentals deteriorate
- > Stock becomes fully-valued relative to our price target or the market
- > Better investment opportunity arises

**Potential benefit:** Maximize potential alpha of the portfolio through longer holding period

To ensure the integrity of our investment strategies, each product team at Columbia Management participates in the 5P process. The system is based on accountability and meritocracy, all focused on delivering results for the client.



## 5P Investment Oversight

**Our process follows a simple philosophy. We do not tell portfolio managers what to do — we ensure they do what they say.**

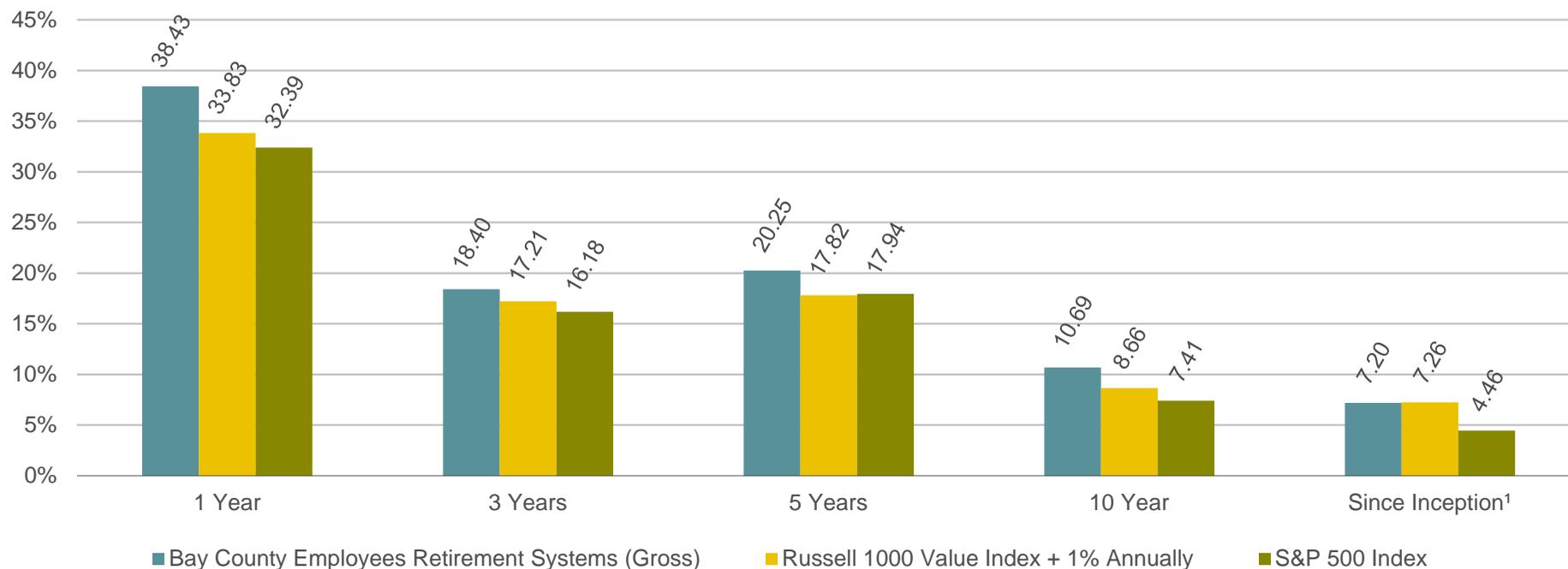
- > To ensure the integrity of our investment strategies, each product team at Columbia Management participates in the 5P process.
- > Our system is based on accountability and meritocracy, all focused on delivering results for the client.
- > We monitor managers continuously, not just during periods of underperformance.
- > Results are reviewed formally on a semiannual basis to assess adherence to strategy, product viability and performance.
- > Portfolio alpha and risk exposures are monitored daily.
- > Clear risk and return expectations are established, based on the product positioning and the portfolio management process.



**Columbia**Management®

## Performance and Portfolio Structure

# Bay County Employees Retirement System Performance As of December 31, 2013



|   | 1 Year (%) | 3 Year (%) | 5 Year (%) | 10 Year (%) | Since Inception <sup>1</sup> (%) |
|---|------------|------------|------------|-------------|----------------------------------|
| Bay County Employees Retirement Systems (Gross) | 38.43      | 18.40      | 20.25      | 10.69       | 7.20                             |
| Russell 1000 Value Index + 1% Annually          | 33.83      | 17.21      | 17.82      | 8.66        | 7.26                             |
| S&P 500 Index                                   | 32.39      | 16.18      | 17.94      | 7.41        | 4.46                             |

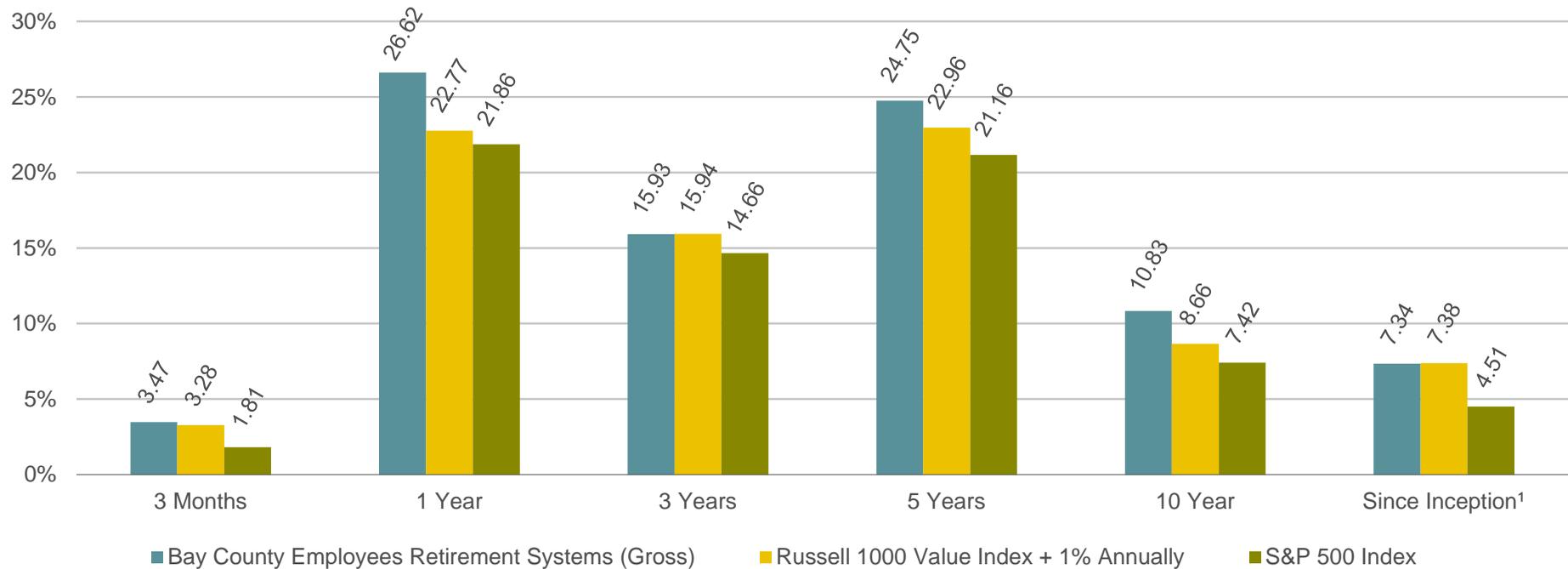
<sup>1</sup> Inception: January 27 2001

Source: Columbia Management Investment Advisers, LLC.

**Past performance does not guarantee future results.** Please refer to the Disclosures at the end of this presentation for more information.

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# Bay County Employees Retirement System Performance As of March 31, 2014



|   | 3 Months (%) | 1 Year (%) | 3 Year (%) | 5 Year (%) | 10 Year (%) | Since Inception <sup>1</sup> (%) |
|---|--------------|------------|------------|------------|-------------|----------------------------------|
| Bay County Employees Retirement Systems (Gross) | 3.47         | 26.62      | 15.93      | 24.75      | 10.83       | 7.34                             |
| Russell 1000 Value Index + 1% Annually          | 3.28         | 22.77      | 15.94      | 22.96      | 8.66        | 7.38                             |
| S&P 500 Index                                   | 1.81         | 21.86      | 14.66      | 21.16      | 7.42        | 4.51                             |

<sup>1</sup> Inception: January 27, 2001

Source: Columbia Management Investment Advisers, LLC.

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### Characteristics

|                                   | Bay County | Russell 1000 Value | S&P 500     |
|-----------------------------------|------------|--------------------|-------------|
| Debt/Capital                      | 37.5%      | 32.9%              | 33.9%       |
| 3 Year Historical EPS Growth      | 6.9%       | 9.8%               | 11.1%       |
| 3 to 5 Year Projected EPS Growth  | 11.6%      | 9.5%               | 11.4%       |
| Return on Equity                  | 14.4%      | 12.8%              | 17.8%       |
| Dividend Yield                    | 2.0%       | 2.1%               | 1.9%        |
| Weighted Average Market Cap (mil) | \$72,745.4 | \$111,981.7        | \$118,659.7 |

### P/E Ratio<sup>1</sup>

|   |       |       |       |
|---|-------|-------|-------|
| Last Twelve Months (LTM)                          | 17.1x | 15.7x | 17.5x |
| Next Twelve Months (NTM)                          | 13.4x | 14.0x | 15.2x |
| Next Twelve Months Relative to Russell 1000 Value | 0.96x | 1.00x | 1.09x |
| Next Twelve Months Relative to S&P 500            | 0.89x | 0.92x | 1.00x |

Source: Factset

<sup>1</sup> Weighted Harmonic Average

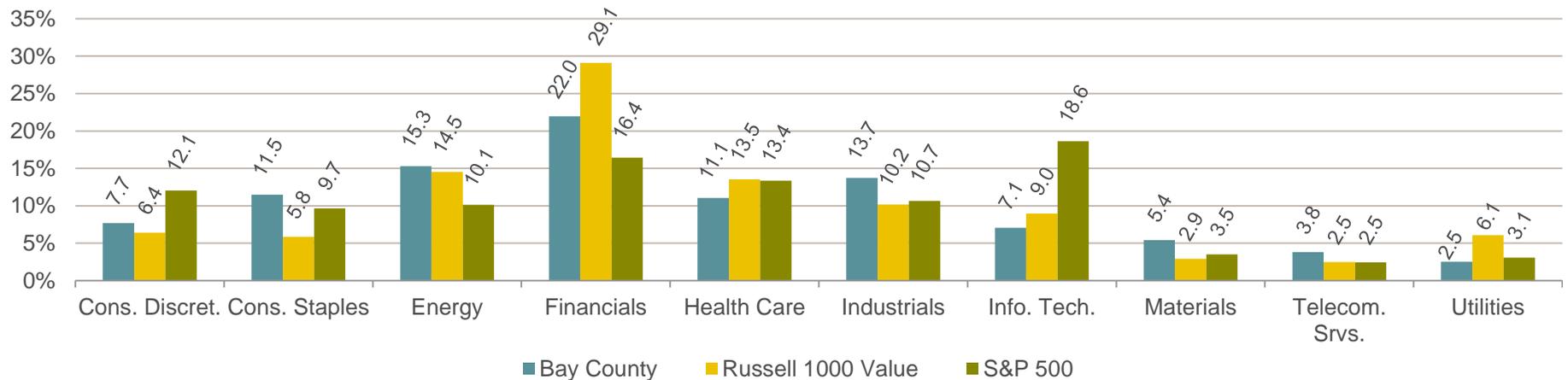
# Bay County Employee Retirement System

## Portfolio Characteristics as of March 31, 2014

### Top Ten Holdings

| Company                               | % Portfolio | Sector                     |
|---------------------------------------|-------------|----------------------------|
| Tyson Foods, Inc. – Class A           | 4.5         | Consumer Staples           |
| Humana Inc.                           | 4.2         | Health Care                |
| Unum Group                            | 4.0         | Financials                 |
| Applied Materials, Inc.               | 4.0         | Information Technology     |
| Verizon Communications Inc.           | 3.8         | Telecommunication Services |
| Bank of America Corp.                 | 3.7         | Financials                 |
| Bristol-Myers Squibb Co.              | 3.7         | Health Care                |
| Freeport – McMoRan Copper & Gold Inc. | 3.5         | Materials                  |
| Union Pacific Corporation             | 3.2         | Industrials                |
| Baxter International Inc.             | 3.2         | Health Care                |
| <b>Total</b>                          | <b>37.8</b> |                            |

### Sector Allocation as of March 31, 2014



Source: Factset

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### New Positions : 1/1/2013 – 12/31/2013

| Security Name          | Sector                 |
|------------------------|------------------------|
| Applied Materials Inc. | Information Technology |

### Closed Positions : 1/1/2013 – 12/31/2013

| Security Name | Sector     |
|---------------|------------|
| US Bancorp    | Financials |

### New Positions : 1/1/2014 – 3/31/2014

| Security Name               | Sector                     |
|-----------------------------|----------------------------|
| Verizon Communications Inc. | Telecommunication Services |

### Closed Positions : 1/1/2014 – 3/31/2014

| Security Name | Sector    |
|---------------|-----------|
| Praxair Inc.  | Materials |

**REALIZED AND UNREALIZED GAINS AND LOSSES**  
**53D-E - BAY COUNTY EMPLOYEES RETIREMENT SYSTEM**

1/1/2014 - 3/31/2014

| Security  | Name                                  | Ticker | Ending Shares | Ave Unit Cost | Period Change in Unrealized Gain/Loss | Period Realized Gain/Loss | Period Total Gain/Loss | Ending Unrealized Gain/Loss |
|-----------|---------------------------------------|--------|---------------|---------------|---------------------------------------|---------------------------|------------------------|-----------------------------|
| 00130H105 | AES CORP 12/31/99                     | AES    | 78,000.000    | 9.87          | 780.00                                | 0.00                      | 780.00                 | 344,060.56                  |
| 032511107 | ANADARKO PETROLEUM CORP 12/31/99      | APC    | 16,000.000    | 73.04         | 99,200.00                             | 0.00                      | 99,200.00              | 187,575.71                  |
| 038222105 | APPLIED MATERIALS INC 12/31/99        | AMAT   | 85,500.000    | 14.01         | 245,385.00                            | 0.00                      | 245,385.00             | 547,658.34                  |
| 064058100 | BANK OF NEW YORK MELLON CORP 12/31/99 | BK     | 0.000         | 0.00          | 0.00                                  | 0.00                      | 0.00                   | 0.00                        |
| 126408103 | CSX CORP 12/31/99                     | CSX    | 38,000.000    | 7.93          | 27,360.00                             | 0.00                      | 27,360.00              | 799,425.76                  |
| 149123101 | CATERPILLAR INC 12/31/99              | CAT    | 0.000         | 0.00          | 0.00                                  | 0.00                      | 0.00                   | 0.00                        |
| 369550108 | GENERAL DYNAMICS CORP 12/31/99        | GD     | 10,500.000    | 41.94         | 148,785.00                            | 0.00                      | 148,785.00             | 703,254.30                  |
| 370334104 | GENERAL MILLS INC 12/31/99            | GIS    | 0.000         | 0.00          | 0.00                                  | 0.00                      | 0.00                   | 0.00                        |
| 444859102 | HUMANA INC 12/31/99                   | HUM    | 16,500.000    | 49.92         | 163,020.00                            | 0.00                      | 163,020.00             | 1,036,160.21                |
| 46625H100 | JPMORGAN CHASE& CO 12/31/99           | JPM    | 20,000.000    | 51.81         | 50,000.00                             | 0.00                      | 50,000.00              | 178,012.55                  |
| 565849106 | MARATHON OIL CORP 12/31/99            | MRO    | 13,000.000    | 30.01         | 7,930.00                              | 0.00                      | 7,930.00               | 71,619.65                   |
| 56585A102 | MARATHON PETROLEUM CORP 12/31/99      | MPC    | 6,000.000     | 40.96         | -14,640.00                            | 0.00                      | -14,640.00             | 276,453.65                  |
| 59156R108 | METLIFE INC 12/31/99                  | MET    | 12,500.000    | 62.20         | -4,875.00                             | 0.00                      | -4,875.00              | -117,522.50                 |
| 655664100 | NORDSTROM INC 12/31/99                | JWN    | 15,000.000    | 33.08         | 7,500.00                              | 0.00                      | 7,500.00               | 440,519.41                  |
| 718172109 | PHILIP MORRIS INTERNATIONAL 12/31/99  | PM     | 11,400.000    | 19.93         | -47,310.00                            | 0.00                      | -47,310.00             | 706,154.29                  |
| 74005P104 | PRAXAIR INC 12/31/99                  | PX     | 0.000         | 0.00          | 0.00                                  | 677,930.25                | 677,930.25             | 0.00                        |
| 744320102 | PRUDENTIAL FINANCIAL INC 12/31/99     | PRU    | 8,053.000     | 47.35         | -49,203.83                            | 91,767.94                 | 42,564.11              | 300,405.09                  |
| 792860108 | TRAVELERS COS INC/THE 12/31/99        | TRV    | 0.000         | 0.00          | 0.00                                  | 0.00                      | 0.00                   | 0.00                        |
| 824348106 | SHERWIN-WILLIAMS CO/THE 12/31/99      | SHW    | 0.000         | 0.00          | 0.00                                  | 0.00                      | 0.00                   | 0.00                        |
| 902494103 | TYSON FOODS INC-CL A 12/31/99         | TSN    | 45,000.000    | 16.18         | 487,800.00                            | 202,421.15                | 690,221.15             | 1,252,532.51                |
| 907818108 | UNION PACIFIC CORP 12/31/99           | UNP    | 7,500.000     | 35.11         | 154,125.00                            | 0.00                      | 154,125.00             | 1,144,124.25                |
| 913017109 | UNITED TECHNOLOGIES CORP 12/31/99     | UTX    | 10,500.000    | 36.68         | 45,675.00                             | 0.00                      | 45,675.00              | 841,667.40                  |

**REALIZED AND UNREALIZED GAINS AND LOSSES**  
**53D-E - BAY COUNTY EMPLOYEES RETIREMENT SYSTEM**  
**1/1/2014 - 3/31/2014**

| <b>Security</b> | <b>Name</b>                           | <b>Ticker</b> | <b>Ending Shares</b> | <b>Ave Unit Cost</b> | <b>Period Change in Unrealized Gain/Loss</b> | <b>Period Realized Gain/Loss</b> | <b>Period Total Gain/Loss</b> | <b>Ending Unrealized Gain/Loss</b> |
|-----------------|---------------------------------------|---------------|----------------------|----------------------|--|----------------------------------|-------------------------------|------------------------------------|
| 91529Y106       | UNUM GROUP 12/31/99                   | UNM           | 49,500.000           | 23.17                | 48,510.00                                    | 0.00                             | 48,510.00                     | 600,835.82                         |
| 91913Y100       | VALERO ENERGY CORP 12/31/99           | VLO           | 25,047.000           | 24.36                | 80,901.81                                    | 356,734.49                       | 437,636.30                    | 719,841.18                         |
| 949746101       | WELLS FARGO& CO 12/31/99              | WFC           | 27,500.000           | 29.38                | 129,800.00                                   | 0.00                             | 129,800.00                    | 559,858.56                         |
| 969457100       | WILLIAMS COS INC 12/31/99             | WMB           | 24,000.000           | 17.35                | 55,200.00                                    | 0.00                             | 55,200.00                     | 557,416.17                         |
| 98212B103       | WPX ENERGY INC 12/31/99               | WPX           | 0.000                | 0.00                 | 0.00   | 0.00                             | 0.00                          | 0.00                               |
| B78C4Y894       | PHILLIPS 66 12/31/99                  | PSX           | 0.000                | 0.00                 | 0.00   | 0.00                             | 0.00                          | 0.00                               |
| B8DR4T092       | VALERO ENERGY COR-WHEN ISSUE 12/31/99 | VLOw          | 0.000                | 0.00                 | 0.00   | 0.00                             | 0.00                          | 0.00                               |
| B9GD0X895       | CST BRANDS INC 12/31/99               | CST           | 0.000                | 0.00                 | 0.00   | 0.00                             | 0.00                          | 0.00                               |
| BANKAMER        | BANK OF AMERICA CORP 12/31/99         | BAC           | 95,592.000           | 15.54                | 105,151.20                                   | 0.00                             | 105,151.20                    | 158,716.73                         |
| BAXTER          | BAXTER INTERNATIONAL INC 12/31/99     | BAX           | 19,000.000           | 56.67                | 83,410.00                                    | 0.00                             | 83,410.00                     | 321,361.25                         |
| BRISTOL         | BRISTOL-MYERS SQUIBB CO 12/31/99      | BMJ           | 31,000.000           | 25.10                | -9,920.00                                    | 0.00                             | -9,920.00                     | 832,296.11                         |
| CHEVRON         | CHEVRON CORP 12/31/99                 | CVX           | 11,000.000           | 53.84                | -57,530.00                                   | 0.00                             | -57,530.00                    | 715,761.02                         |
| CITIGROUP       | CITIGROUP INC 12/31/99                | C             | 26,500.000           | 32.89                | -123,755.00                                  | 0.00                             | -123,755.00                   | 389,869.65                         |
| CONOCOPHILL     | CONOCOPHILLIPS 12/31/99               | COP           | 11,000.000           | 47.97                | 6,270.00                                     | 0.00                             | 6,270.00                      | 246,131.78                         |
| COSTCO          | COSTCO WHOLESALE CORP 12/31/99        | COST          | 7,500.000            | 42.67                | -45,975.00                                   | 0.00                             | -45,975.00                    | 517,558.50                         |
| DU PONT         | DU PONT (E.I.) DE NEMOURS 12/31/99    | DD            | 12,500.000           | 38.77                | 42,375.00                                    | 0.00                             | 42,375.00                     | 354,101.25                         |
| FREEPORT        | FREEPORT-MCMORAN COPPER 12/31/99      | FCX           | 46,500.000           | 32.72                | -212,040.00                                  | 0.00                             | -212,040.00                   | 16,336.85                          |
| G16962105       | BUNGE LTD 12/31/99                    | BG            | 0.000                | 0.00                 | 0.00   | 0.00                             | 0.00                          | 0.00                               |
| GAP             | GAP INC/THE 12/31/99                  | GPS           | 31,000.000           | 21.55                | 41,540.00                                    | 0.00                             | 41,540.00                     | 573,748.00                         |
| HONEYWELL       | HONEYWELL INTERNATIONAL INC 12/31/99  | HON           | 12,400.000           | 27.17                | 30,256.00                                    | 0.00                             | 30,256.00                     | 813,272.16                         |
| JCPENNEY        | J.C. PENNEY CO INC 12/31/99           | JCP           | 0.000                | 0.00                 | 0.00   | 0.00                             | 0.00                          | 0.00                               |
| JUNIPER         | JUNIPER NETWORKS INC 12/31/99         | JNPR          | 53,000.000           | 20.21                | 173,840.00                                   | 0.00                             | 173,840.00                    | 293,949.74                         |

**REALIZED AND UNREALIZED GAINS AND LOSSES**  
**53D-E - BAY COUNTY EMPLOYEES RETIREMENT SYSTEM**  
**1/1/2014 - 3/31/2014**

| <b>Security</b>         | <b>Name</b>                         | <b>Ticker</b> | <b>Ending Shares</b> | <b>Ave Unit Cost</b> | <b>Period Change in Unrealized Gain/Loss</b> | <b>Period Realized Gain/Loss</b> | <b>Period Total Gain/Loss</b> | <b>Ending Unrealized Gain/Loss</b> |
|-------------------------|-------------------------------------|---------------|----------------------|----------------------|--|----------------------------------|-------------------------------|------------------------------------|
| LOWE                    | LOWE'S COS INC 12/31/99             | LOW           | 24,500.000           | 24.08                | -13,230.00                                   | 0.00                             | -13,230.00                    | 607,969.95                         |
| MEDTRON                 | MEDTRONIC INC 12/31/99              | MDT           | 0.000                | 0.00                 | 0.00   | 0.00                             | 0.00                          | 0.00                               |
| MORGAN ST               | MORGAN STANLEY 12/31/99             | MS            | 35,000.000           | 34.84                | 4,900.00                                     | 0.00                             | 4,900.00                      | -128,348.55                        |
| PHILLIP                 | ALTRIA GROUP INC 12/31/99           | MO            | 35,000.000           | 26.61                | -16,450.00                                   | 0.00                             | -16,450.00                    | 378,633.29                         |
| US BANC                 | US BANCORP 12/31/99                 | USB           | 0.000                | 0.00                 | 0.00   | 0.00                             | 0.00                          | 0.00                               |
| VERIZON                 | VERIZON COMMUNICATIONS INC 12/31/99 | VZ            | 35,000.000           | 47.90                | -50,050.00                                   | 0.00                             | -50,050.00                    | -11,394.68                         |
| WALMART                 | WAL-MART STORES INC 12/31/99        | WMT           | 0.000                | 0.00                 | 0.00   | 0.00                             | 0.00                          | 0.00                               |
| <b>Total for Client</b> |                                     |               |                      |                      | <b>1,594,735.18</b>                          | <b>1,328,853.83</b>              | <b>2,923,589.01</b>           | <b>17,230,015.96</b>               |



**Columbia**Management<sup>SM</sup>

## Portfolio Holdings

**Investment Portfolio Summary**  
Base Currency: USD

| <b>Category</b>             | <b>Cost</b> | <b>Market Value</b> | <b>Accrued Income</b> | <b>Current Yield</b> | <b>Est. Annual Income</b> | <b>% of Portfolio</b> |
|-----------------------------|-------------|---------------------|-----------------------|----------------------|---------------------------|-----------------------|
| <b>CASH AND EQUIVALENTS</b> | 681,123     | 681,123             | 0                     | 0.00%                | 0                         | 1.52%                 |
| <b>EQUITIES</b>             | 26,765,961  | 43,995,977          | 48,106                | 2.18%                | 958,887                   | 98.48%                |
| <b>TOTAL</b>                | 27,447,084  | 44,677,100          | 48,106                | 2.15%                | 958,887                   | 100.00%               |
| <b>ACCRUED INCOME</b>       |             | 48,106              |                       |                      |                           |                       |
| <b>TOTAL MARKET VALUE</b>   |             | 44,725,206          |                       |                      |                           |                       |

**Equity Portfolio Diversification**  
Base Currency: USD

| <b>Sector</b>                     | <b>Cost</b> | <b>Market Value</b> | <b>% of Total Equity</b> | <b>Unrealized Gain/Loss</b> |
|-----------------------------------|-------------|---------------------|--------------------------|-----------------------------|
| <b>Equities</b>                   |             |                     |                          |                             |
| <b>CONSUMER DISCRETIONARY</b>     | 1,754,423   | 3,376,660           | 7.67%                    | 1,622,237                   |
| <b>CONSUMER STAPLES</b>           | 2,206,539   | 5,061,418           | 11.50%                   | 2,854,879                   |
| <b>ENERGY</b>                     | 3,951,137   | 6,725,936           | 15.29%                   | 2,774,799                   |
| <b>FINANCIALS</b>                 | 7,726,287   | 9,668,114           | 21.97%                   | 1,941,827                   |
| <b>HEALTH CARE</b>                | 2,678,532   | 4,868,350           | 11.07%                   | 2,189,818                   |
| <b>INDUSTRIALS</b>                | 1,727,270   | 6,029,014           | 13.70%                   | 4,301,744                   |
| <b>INFORMATION TECHNOLOGY</b>     | 2,269,582   | 3,111,190           | 7.07%                    | 841,608                     |
| <b>MATERIALS</b>                  | 2,006,067   | 2,376,505           | 5.40%                    | 370,438                     |
| <b>TELECOMMUNICATION SERVICES</b> | 1,676,345   | 1,664,950           | 3.78%                    | (11,395)                    |
| <b>UTILITIES</b>                  | 769,779     | 1,113,840           | 2.53%                    | 344,061                     |
| <b>TOTAL EQUITY</b>               | 26,765,961  | 43,995,977          | 100.00%                  | 17,230,016                  |

**Holdings Valuation**  
 Base Currency: USD

**Cash and Equivalents**

| CASH AND EQUIVALENTS              |           | Quantity | Cost/<br>Price  | Market<br>Value | Accrued<br>Income | Est. Income/<br>Current Yield | % of Cash<br>Equivalents |
|-----------------------------------|-----------|----------|-----------------|-----------------|-------------------|-------------------------------|--------------------------|
| USD                               | US DOLLAR | 681,123  | 681,123<br>1.00 | 681,123<br>1.00 | 0                 | 0<br>0.00%                    | 100.00%                  |
| <b>TOTAL CASH AND EQUIVALENTS</b> |           |          | 681,123         | 681,123         | 0                 | 0<br>0.00%                    | 100.00%                  |

|                                     |     | Shares | Cost Basis |           | Market Value |           | Holdings Valuation |             |
|-------------------------------------|-----|--------|------------|-----------|--------------|-----------|--------------------|-------------|
|                                     |     |        | Price      | Total     | Price        | Total     | Current Yield      | % of Equity |
| <b>Equities</b>                     |     |        |            |           |              |           |                    |             |
| <b>CONSUMER DISCRETIONARY</b>       |     |        |            |           |              |           |                    |             |
| GAP INC/THE                         | GPS | 31,000 | 21.55      | 668,112   | 40.06        | 1,241,860 | 2.20%              | 2.82%       |
| LOWE'S COS INC                      | LOW | 24,500 | 24.08      | 590,080   | 48.90        | 1,198,050 | 1.47%              | 2.72%       |
| NORDSTROM INC                       | JWN | 15,000 | 33.08      | 496,231   | 62.45        | 936,750   | 2.11%              | 2.13%       |
| <b>TOTAL CONSUMER DISCRETIONARY</b> |     |        |            | 1,754,423 |              | 3,376,660 | 1.92%              | 7.67%       |

|                               |      | Shares | Cost Basis |           | Market Value |           | Holdings Valuation |             |
|-------------------------------|------|--------|------------|-----------|--------------|-----------|--------------------|-------------|
|                               |      |        | Price      | Total     | Price        | Total     | Current Yield      | % of Equity |
| <b>Equities</b>               |      |        |            |           |              |           |                    |             |
| <b>CONSUMER STAPLES</b>       |      |        |            |           |              |           |                    |             |
| ALTRIA GROUP INC              | MO   | 35,000 | 26.61      | 931,417   | 37.43        | 1,310,050 | 5.13%              | 2.98%       |
| COSTCO WHOLESALE CORP         | COST | 7,500  | 42.67      | 320,042   | 111.68       | 837,600   | 1.11%              | 1.90%       |
| PHILIP MORRIS INTERNATIONAL   | PM   | 11,400 | 19.93      | 227,164   | 81.87        | 933,318   | 4.59%              | 2.12%       |
| TYSON FOODS INC-CL A          | TSN  | 45,000 | 16.18      | 727,917   | 44.01        | 1,980,450 | 0.68%              | 4.50%       |
| <b>TOTAL CONSUMER STAPLES</b> |      |        |            | 2,206,539 |              | 5,061,418 | 2.63%              | 11.50%      |

|                         |     | Shares | Cost Basis |           | Market Value |           | Holdings Valuation |             |
|-------------------------|-----|--------|------------|-----------|--------------|-----------|--------------------|-------------|
|                         |     |        | Price      | Total     | Price        | Total     | Current Yield      | % of Equity |
| <b>Equities</b>         |     |        |            |           |              |           |                    |             |
| <b>ENERGY</b>           |     |        |            |           |              |           |                    |             |
| ANADARKO PETROLEUM CORP | APC | 16,000 | 73.04      | 1,168,584 | 84.76        | 1,356,160 | 0.85%              | 3.08%       |
| CHEVRON CORP            | CVX | 11,000 | 53.84      | 592,249   | 118.91       | 1,308,010 | 3.36%              | 2.97%       |
| CONOCOPHILLIPS          | COP | 11,000 | 47.97      | 527,718   | 70.35        | 773,850   | 3.92%              | 1.76%       |
| MARATHON OIL CORP       | MRO | 13,000 | 30.01      | 390,140   | 35.52        | 461,760   | 2.14%              | 1.05%       |
| MARATHON PETROLEUM CORP | MPC | 6,000  | 40.96      | 245,786   | 87.04        | 522,240   | 1.93%              | 1.19%       |
| VALERO ENERGY CORP      | VLO | 25,047 | 24.36      | 610,155   | 53.10        | 1,329,996 | 1.88%              | 3.02%       |
| WILLIAMS COS INC        | WMB | 24,000 | 17.35      | 416,504   | 40.58        | 973,920   | 3.97%              | 2.21%       |
| <b>TOTAL ENERGY</b>     |     |        |            | 3,951,137 |              | 6,725,936 | 2.52%              | 15.29%      |

|                         |                          | Shares | Cost Basis |       | Market Value |       | Holdings Valuation |             |        |
|-------------------------|--------------------------|--------|------------|-------|--------------|-------|--------------------|-------------|--------|
|                         |                          |        | Price      | Total | Price        | Total | Current Yield      | % of Equity |        |
| <b>Equities</b>         |                          |        |            |       |              |       |                    |             |        |
| <b>FINANCIALS</b>       |                          |        |            |       |              |       |                    |             |        |
|                         | BANK OF AMERICA CORP     | BAC    | 95,592     | 15.54 | 1,485,466    | 17.20 | 1,644,182          | 1.16%       | 3.74%  |
|                         | CITIGROUP INC            | C      | 26,500     | 32.89 | 871,530      | 47.60 | 1,261,400          | 0.08%       | 2.87%  |
|                         | JPMORGAN CHASE& CO       | JPM    | 20,000     | 51.81 | 1,036,187    | 60.71 | 1,214,200          | 2.64%       | 2.76%  |
|                         | METLIFE INC              | MET    | 12,500     | 62.20 | 777,523      | 52.80 | 660,000            | 2.08%       | 1.50%  |
|                         | MORGAN STANLEY           | MS     | 35,000     | 34.84 | 1,219,299    | 31.17 | 1,090,950          | 1.28%       | 2.48%  |
|                         | PRUDENTIAL FINANCIAL INC | PRU    | 8,053      | 47.35 | 381,281      | 84.65 | 681,686            | 2.50%       | 1.55%  |
|                         | UNUM GROUP               | UNM    | 49,500     | 23.17 | 1,147,009    | 35.31 | 1,747,845          | 1.64%       | 3.97%  |
|                         | WELLS FARGO& CO          | WFC    | 27,500     | 29.38 | 807,991      | 49.74 | 1,367,850          | 2.81%       | 3.11%  |
| <b>TOTAL FINANCIALS</b> |                          |        |            |       | 7,726,287    |       | 9,668,114          | 1.70%       | 21.97% |

|                          |     | <b>Holdings Valuation</b> |                          |              |                            |              |                |               |
|--------------------------|-----|---------------------------|--------------------------|--------------|----------------------------|--------------|----------------|---------------|
|                          |     | Base Currency: USD        |                          |              |                            |              |                |               |
| <b><u>Equities</u></b>   |     |                           | <b><u>Cost Basis</u></b> |              | <b><u>Market Value</u></b> |              | <b>Current</b> | <b>% of</b>   |
| <b>HEALTH CARE</b>       |     | <b>Shares</b>             | <b>Price</b>             | <b>Total</b> | <b>Price</b>               | <b>Total</b> | <b>Yield</b>   | <b>Equity</b> |
| BAXTER INTERNATIONAL INC | BAX | 19,000                    | 56.67                    | 1,076,659    | 73.58                      | 1,398,020    | 2.66%          | 3.18%         |
| BRISTOL-MYERS SQUIBB CO  | BMY | 31,000                    | 25.10                    | 778,154      | 51.95                      | 1,610,450    | 2.77%          | 3.66%         |
| HUMANA INC               | HUM | 16,500                    | 49.92                    | 823,720      | 112.72                     | 1,859,880    | 0.96%          | 4.23%         |
| <b>TOTAL HEALTH CARE</b> |     |                           |                          |              | 2,678,532                  | 4,868,350    | 2.05%          | 11.07%        |

|                             |     | Shares | Cost Basis |           | Market Value |           | Holdings Valuation |             |
|-----------------------------|-----|--------|------------|-----------|--------------|-----------|--------------------|-------------|
|                             |     |        | Price      | Total     | Price        | Total     | Current Yield      | % of Equity |
| <b>Equities</b>             |     |        |            |           |              |           |                    |             |
| <b>INDUSTRIALS</b>          |     |        |            |           |              |           |                    |             |
| CSX CORP                    | CSX | 38,000 | 7.93       | 301,434   | 28.97        | 1,100,860 | 2.07%              | 2.50%       |
| GENERAL DYNAMICS CORP       | GD  | 10,500 | 41.94      | 440,406   | 108.92       | 1,143,660 | 2.28%              | 2.60%       |
| HONEYWELL INTERNATIONAL INC | HON | 12,400 | 27.17      | 336,952   | 92.76        | 1,150,224 | 1.94%              | 2.61%       |
| UNION PACIFIC CORP          | UNP | 7,500  | 35.11      | 263,326   | 187.66       | 1,407,450 | 1.94%              | 3.20%       |
| UNITED TECHNOLOGIES CORP    | UTX | 10,500 | 36.68      | 385,153   | 116.84       | 1,226,820 | 2.02%              | 2.79%       |
| <b>TOTAL INDUSTRIALS</b>    |     |        |            | 1,727,270 |              | 6,029,014 | 2.04%              | 13.70%      |

|                                     |      | Shares | Cost Basis |           | Market Value |           | Holdings Valuation |                    |
|-------------------------------------|------|--------|------------|-----------|--------------|-----------|--------------------|--------------------|
|                                     |      |        | Price      | Total     | Price        | Total     | Current Yield      | % of Equity        |
| <b>Equities</b>                     |      |        |            |           |              |           |                    | Base Currency: USD |
| <b>INFORMATION TECHNOLOGY</b>       |      |        |            |           |              |           |                    |                    |
| APPLIED MATERIALS INC               | AMAT | 85,500 | 14.01      | 1,198,252 | 20.42        | 1,745,910 | 1.96%              | 3.97%              |
| JUNIPER NETWORKS INC                | JNPR | 53,000 | 20.21      | 1,071,330 | 25.76        | 1,365,280 | 0.00%              | 3.10%              |
| <b>TOTAL INFORMATION TECHNOLOGY</b> |      |        |            | 2,269,582 |              | 3,111,190 | 1.10%              | 7.07%              |

**BAY COUNTY EMPLOYEES RETIREMENT SYSTEM**

As of 3/31/2014

|                           |     | <b>Holdings Valuation</b> |                          |              |                            |              |                |               |
|---------------------------|-----|---------------------------|--------------------------|--------------|----------------------------|--------------|----------------|---------------|
|                           |     | Base Currency: USD        |                          |              |                            |              |                |               |
| <b><u>Equities</u></b>    |     |                           | <b><u>Cost Basis</u></b> |              | <b><u>Market Value</u></b> |              | <b>Current</b> | <b>% of</b>   |
| <b>MATERIALS</b>          |     | <b>Shares</b>             | <b>Price</b>             | <b>Total</b> | <b>Price</b>               | <b>Total</b> | <b>Yield</b>   | <b>Equity</b> |
| DU PONT (E.I.) DE NEMOURS | DD  | 12,500                    | 38.77                    | 484,649      | 67.10                      | 838,750      | 2.68%          | 1.91%         |
| FREEPORT-MCMORAN COPPER   | FCX | 46,500                    | 32.72                    | 1,521,418    | 33.07                      | 1,537,755    | 3.78%          | 3.50%         |
| <b>TOTAL MATERIALS</b>    |     |                           |                          | 2,006,067    |                            | 2,376,505    | 3.39%          | 5.40%         |

**BAY COUNTY EMPLOYEES RETIREMENT SYSTEM**

As of 3/31/2014

|   |    | Shares | Cost Basis |           | Market Value |           | Holdings Valuation |             |
|---|----|--------|------------|-----------|--------------|-----------|--------------------|-------------|
|   |    |        | Price      | Total     | Price        | Total     | Current Yield      | % of Equity |
| <b>Equities</b>                         |    |        |            |           |              |           |                    |             |
| <b>TELECOMMUNICATION SERVICES</b>       |    |        |            |           |              |           |                    |             |
| VERIZON COMMUNICATIONS INC              | VZ | 35,000 | 47.90      | 1,676,345 | 47.57        | 1,664,950 | 4.46%              | 3.78%       |
| <b>TOTAL TELECOMMUNICATION SERVICES</b> |    |        |            | 1,676,345 |              | 1,664,950 | 4.46%              | 3.78%       |

**BAY COUNTY EMPLOYEES RETIREMENT SYSTEM**

As of 3/31/2014

|                        |     |               |                          |              |                            |              | <b>Holdings Valuation</b> |                    |       |
|------------------------|-----|---------------|--------------------------|--------------|----------------------------|--------------|---------------------------|--------------------|-------|
|                        |     |               |                          |              |                            |              | Base Currency: USD        |                    |       |
| <b><u>Equities</u></b> |     |               | <b><u>Cost Basis</u></b> |              | <b><u>Market Value</u></b> |              | <b>Current Yield</b>      | <b>% of Equity</b> |       |
| <b>UTILITIES</b>       |     | <b>Shares</b> | <b>Price</b>             | <b>Total</b> | <b>Price</b>               | <b>Total</b> |                           |                    |       |
| AES CORP               | AES | 78,000        | 9.87                     | 769,779      | 14.28                      | 1,113,840    | 1.40%                     | 2.53%              |       |
| <b>TOTAL UTILITIES</b> |     |               |                          |              |                            | 769,779      | 1,113,840                 | 1.40%              | 2.53% |

**BAY COUNTY EMPLOYEES RETIREMENT SYSTEM**

As of 3/31/2014

| <u>Equities</u> | Shares | <u>Cost Basis</u> |            | <u>Market Value</u> |            | <b>Holdings Valuation</b><br>Base Currency: USD |             |
|-----------------|--------|-------------------|------------|---------------------|------------|---|-------------|
|                 |        | Price             | Total      | Price               | Total      | Current Yield                                   | % of Equity |
| TOTAL EQUITIES  |        |                   | 26,765,961 |                     | 43,995,977 | 2.18%   | 100.00%     |



**Columbia**Management®

## Appendix

## Entity Definitions and Disclosures

Columbia Management Investment Advisers, LLC is a U.S. Securities and Exchange Commission registered investment adviser that offers investment products and services under the names Columbia Management Investments, Columbia Management Capital Advisers and Seligman Investments.

## Additional Performance and Disclosures

**Past performance does not guarantee future results.** Results are for the client's own account and are not composite results. Performance is based on time-weighted, daily calculation using values that are determined in good faith by Columbia Management Investment Advisers, LLC. Gross performance does not reflect the deduction of management fees. Portfolio performance is calculated based on trade date, net of transaction costs and reflects accrued interest. The net performance also reflects the deduction of management fees as of the most recent quarter end. If you have any questions regarding the above information, or if there are any changes in your investment objectives or guidelines, please contact your client relationship manager.

Indices shown are unmanaged and do not reflect the impact of fees. It is not possible to invest directly in an index.

This performance report is separate from the custodial brokerage statement that is delivered to you identifying the securities and other assets held in the your account at the end of the reporting period and setting forth all transactions in the account during the period. Transaction and valuation information reflected in this report may be inconsistent with the information presented in your custodial brokerage statement due to settlement dates and other factors.

Sector weightings are as of the date given, subject to change and are not recommendations to buy or sell any security or that a particular sector(s) will be profitable.

Complete holdings information for your account is available in client statements.

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